(c) The major areas considered for providing amendments/new provisions relates to making the Act technology neutral, explicit provision for electronic contracts, issues related to child pornography, video voyeurism, liabilities of network service providers and Digital Evidence Examiner.

Merger of BSNL and MTNL

†149. DR. PRABHA THAKUR: Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) the reasons of avoidance of delaying of the merger of BSNL and MTNL;

(b) whether the final decision for merger of the two Government enterprises is under consideration of Government;

(c) if so, by when these two enterprises would be merged; and

(d) if not, the detailed information thereof?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD): (a)to(d) Sir, the Government has been considering different options for restructuring MTNL and BSNL with the objective of bringing higher synergy in their operations. A consortium of consultants was appointed to aid and assist the Government in this exercise. The consultants have submitted their recommendations after examining several alternatives of restructuring including Merger of MTNL and BSNL. Considering the complexity of issues involved in the restructuring exercise, the Government is carefully weighing all options before taking a decision so that interest of all the stake holders are protected and the ultimate objectives of restructuring exercise are met.

Recommendations made by TRAI

150. SHRI K. RAMA MOHAN RAO: Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether looking to the rising gap between urban and rural communication facilities TRAI has recommended for giving incentives for

†Original notice of the question was received in Hindi.

telecom service providers to increase the competition in the rural areas;

(b) if so, the details of the recommendations made by TRAI; and

(c) whether any action has been taken by Government on the recommendations made by TRAI?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD): (a) Yes, Sir.

(b) Telecom Regulatory Authority of India in October 2005 has given its recommendation on 'Growth of Telecom Services in Rural India'. A Brief on the recommendations is given in the Statement. *(See Below)*

(c) The recommendations are being examined.

Statement

Brief on TRAI's Recommendations on growth of Telecom Services in Rural India

The recommendations of TRAI provide for a higher quantitative and qualitative growth in telecom services in the country, particularly in rural areas. Since tele-density is interlinked with the level of development, the large differential between rural (1.94 %) and urban tele-density (31.1 %) cannot be sustainable. The recommendations state that without focus on rural areas, sizeable growth in telecom sector would not be possible.

As per the TRAI's recommendations, the present USO Policy of subsidizing individual DELs, VPTs, MARR replacement, PTICs/HPTICs would barely be able to achieve rural tele-density targets of 4% by 2010 even after giving huge subsidy support of around Rs. 30,000 crores. Recommendations state that such low tele-density in rural areas in 2010 and high subsidies to achieve so little can not be acceptable therefore there is a need for a re-look at traditional policies regarding the communication needs of rural areas and to change these to "Universal Service Opportunity" rather than a "Universal Service Obligation".

TRAI has further recognized some features of the Indian rural market, viz. substantial purchasing power at the right price, expansion of broadband/ Internet services provided by private sector and the immense popularity

of cable TV in India and that such connections are far in excess of fixed line telephones—a unique feature in the world. It recommends that the proposed policy should look at this feature and encourage triple-play networks which can be facilitated by Unified Licensing Regime, already recommended by the Authority to the Government.

The Authority has recommended that an alternative approach of facilitating network infrastructure expansion should be adopted. This approach proposes to offer financial incentives to service providers in the form of coverage of partial cost of shared infrastructure and license fee and spectrum charge reduction based on the number of rural base station locations. If the proposed scheme is implemented early than TRAI's experience of mobile growth in urban areas indicate that India would achieve rural tele-density of around 15% by December, 2007 and this combined with expected urban tele-density of around 43% would take the overall tele-density to 22.98% easily meeting the target of 250 million subscribers set out by the Hon'ble Minister of Communications & IT. If the present USO Policy continues then TRAI expects that India would achieve rural tele-density of only around 3% by 2007 end and in order to achieve the subscriber base target of 250 million it would require an urban tele-density of 70% by December, 2007 which is too ambitious a target for urban areas and even if achieved would create a much larger rural/ urban divide, which cannot be an acceptable policy.

TRAI has noted that there are already contractual commitments in the present USO policy. Accordingly, it recommends that during the validity of these agreements both the schemes may work in parallel as there would be balances in USOF to fund both, but ultimately only the network infrastructure approach should be followed for providing support from the USOF.

The salient features of TRAI's recommendations are as follows:—

* Sharing of infrastructure to receive support from USO
* Supporting backbone infrastructure through USO fund
* Discount in Annual License Fee and Spectrum Charges linked with Rural Coverage.
* Development of suitable applications

* Reduction of rural VSAT license fees and spectrum charges and provision of transponders at affordable rates
* No right of way charges for networks in rural areas
* Niche Operators to be supported from USOF and exemption from spectrum charges
* No spectrum fees for usage of CorDECT and similar technologies in rural areas as well as for usage of 450 MHz
* No prior SACFA clearance for deployment of towers upto 40 m. in rural areas.
* Funds collected as Universal Access levy should be made available to USOF.

Privatization of MTNL/BSNL

151. SHRI A. VIJAYARAGHAVAN: Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether more than thousand Group 'A' officials were reverted to parent department during October, 2005;

(b) if so, the details thereof including the reasons therefor the above mass scale reversion;

(c) if so, the steps taken in details to avoid a rudderless situation in MTNL and BSNL after the reversion of the above senior officials; and

(d) if so, whether there is any move to privatize the above two public sector companies?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD): (a) to (c) On corporatisation of service providing functions of the Department of Telecommunications, officers working in Department of Telecom Services (DTS) and Department of Telecom Operaitons (DTO) were transferred to Bharat Sanchar Nigam Limited (BSNL)/Mahanagar Telephone Nigam Limited (MTNL) on deemed deputation basis. These officers were required to give their option for absorption in BSNL/MTNL or revert back to the